MID-ATLANTIC REGIONAL COUNCIL
FOR SMALL BUSINESS TRAINING AND ADVOCACY

Minutes of Meeting, Virginia Beach, VA – October 24-25, 2006

Introductions
Christine Haber, MARC Chair welcomed attendees, asked attendees to introduce themselves, and opened the meeting at 8:30 a.m.

Attendees: There were 60 attendees at the meeting.

Committee Reports

<u>Awards Committee, Gerald Furey</u>: Congratulations to the New Jersey Institute of Technology!

The MARC Team Award was presented to the New Jersey PTAC for their initiative in hosting the Veteran's Conference in conjunction with the 2006 Winter MARC meeting. The award was accepted by Ms. Sherry Rose.

Nominations are being accepted for the annual MARC Individual Award. Instead of specific criteria, selection is based on participation with the council and overall Small Business program support. Freestyle nominations for the Individual Award are open as of the October meeting and are due by the end of December 2006, for presentation at the January meeting. Members are invited to nominate themselves or others. Questions and nominations should be addressed to Gerald.Furey@navy.mil.

<u>Planning Committee, Helen Katz</u>:
Winter 2007 meeting – we will be returning to the Tropicana, New Jersey, on January 17. It will be a one-day meeting followed by a small business event sponsored by NJIT. The NJIT event will be focused on all types of small businesses and is free for government employees, $100 for large businesses, and $20 for small businesses. No formal training is planned during the event.

Spring 2007 meeting – several sites are under consideration; the consensus being to focus on a meeting site in Ocean City, MD, during the first or second week of May. Discussions with the North East Council have not resulted in a plan for a joint meeting.

For the fall, a return to Lancaster or Gettysburg, PA, is being considered.

<u>Governance Committee, Jana Tull</u>:
There will be a slate of state representatives distributed after the meeting with nominations accepted for additional candidates. Electronic voting is anticipated prior to the January meeting.

Presentations and Speakers:

Tracey Pinson, Director, Office of Small Business Programs, Office of the Secretary of the Army.

Ms. Pinson talked about the Army's vision, to be the premier advocacy organization committed to maximizing small business opportunities in support of the war fighter and the transformation of the Army. To do this, she seeks to advise the Secretary of the Army and Army leadership on small business related matters, spearheads innovative initiatives that contribute to expanding the small business industrial base relevant to the army mission and priorities; and leverage the use of minority serving educational institutions in support of army science and technology programs.

At the time of the presentation, she reported that solid FY06 statistics were not available, but noted that FY05 was a good year for the Army. For example, in the area of awards to Service Disabled Veteran Owned Small Businesses (SDVOSB), the Army increased dollars from $100 million in FY03 to more than $500 million in FY05.

Ms. Pinson said that the Army is fortunate to have senior level commitment from the Secretary of the Army to the commanders. She said that she has worked for several Army Secretaries and has always had support and assistance from them. She also stated that 100% of the Army's success in the small business programs is attributable to the Small Business Specialists and the leadership throughout the Army.

The Army SADBU focus for FY06 to 07 includes small business participation in major program areas, maximizing the value of small businesses to the war fighter by promoting contracting opportunities in contingency operations, supporting BRAC through HUBZone initiatives, increasing opportunities for SDVOSBs, monitoring contract bundling and consolidation, increasing the role of Historically Black Colleges and Universities and Minority Institutions (HBCU & MI) in the acquisition process, and enforcing subcontracting policies. When discussing opportunities for SDVOSBs, she stressed the importance of capturing awards to Veteran Owned Small Businesses (VOSB) along with SDVOSBs. The Army intends to focus on the entire Veteran community.

The Army's Mentor-Protégé program provides incentives to prime contractors to develop the technical and business capabilities of SDBs and other eligible protégés to increase their participation in both prime contracts and subcontracts. The Army's Pilot 8(a) Graduate Mentor-Protégé Program is seeking to involve graduated 8(a) firms in mentoring emerging 8(a) firms. Strong technical agreements are a key aspect to a success mentor-protégé relationship. Currently there are 36 active agreements involving 22 mentors and 36 protégés. Seven of the mentors were graduated from SBA's 8(a) business development program.

In discussing the challenges facing the Army, Ms. Pinson focused on consolidation and bundling, subcontracting plan enforcement, staffing small business offices, providing promotion opportunities for high achievers, and maintaining consistent employment grades and performance descriptions for small business specialists.

Additional assistance can be found at the Army's small business website: www.sellingtoarmy.info.

Carol Albany, E-Business Analyst, DCMA Electronic Business Directorate.

DCMA's Wide Area Workflow (WAWF) is the DoD system of choice for performing electronic acceptance and invoicing on DoD contracts. Ms. Albany presented a program overview and user tools for assistance with registration and self-help.

WAWF provides direct electronic feed to payment systems and the UID registry for receiving reports. There are web, EDI and FTP input methods for global access of contract –related documents, for secure, auditable transactions that are PKI-enabled with a digital footprint for complete transaction visibility.

The process begins with the vendor submitting an invoice, which is accepted by the government and distributed by the system. Electronic invoices – e-invoicing – was part of the 2001 Defense Authorization Act, is found in the Defense Supplement to the Federal Acquisition Regulations (DFARS 252.232-7003), and use of it is being enforced.

There are two DFARS clauses pertaining to WAWF. In addition to 252.232-7003 Electronic Submission of Payment Requests, WAWF will also impact 252.246-7000 Material Inspection and Receiving Report. Ultimately, a "digital DD250" will be a part of the process as well.

There are benefits to WAWF. Payment is accomplished faster and nearly all payments are on-time, resulting in a 60 percent reduction in invoice cycle times. Fewer interest penalties are being paid. During the first year of use, DCMA saw a $1.2 million return on a $105,000 investment. Labor savings, interest savings, and reduced billing costs are included.

The WAWF average time to pay is 23.8 days for delivery invoices with WAWF acceptance, 7.5 days for cost vouchers with DCAA approval, 3 days for direct bill cost vouchers, 5 days for performance based payments, and 2.6 days for progress payments.

Currently, WAWF is fully deployed within the Air Force, DFAS and DCMA; being actively deployed in the DLA, Navy and Army, and beginning to gear up in other agencies. More than 100,000 users have registered to include both industry and government personnel. More than 1.4 million documents have been processed worth more than $100 billion.

Some of the WAWF features, according to Ms. Albany, include wireless access to allow real time electronic acceptance, and the ability to be used on multiple types of devices in various types of telecom solutions. The overall goal is to keep up with technology. She discussed how WAWF interfaces with UID/RFID to capture data and generate receiving reports.

Information on WAWF can be found at https://wawf.eb.mil with web based training links available. According to Ms. Albany, those already using WAWF should continue; those not using it should get onboard – not only because it is being mandated, but also because of the benefits being achieved.

Robert Lamanna, Chief, Business Development, Tobyhanna Army Depot.

Mr. Lamanna discussed historical logistics challenges impacting war fighting capability today, total life cycle managers, partnering perspectives, and Tobyhanna Army Depot (TYAD) partnerships and competencies.

He said that there is an imbalance in logistics today, in that there are two open chains that don't have adequate links and therefore no continuity in sustainment; adding that a poor plan jeopardizes our public and private industrial base.

Partnering, in the big picture, involves a logistics sustainment philosophy. It is a cooperative agreement among program managers, original equipment manufactures, and service maintenance depots. DOD has goals for partnering, including more responsive product support, increased facility utilization, and improved depot processes and technology, and reduced cost of ownership. AMC's command-wide partnership initiative is intended to improve operational efficiencies, lower the cost of products and services, accelerate innovation, secure private investment, and sustain critical skills and capabilities. Bottom line: Government-Industry Partnerships leverage resources, innovation, and leadership of each sector to benefit the war fighter.

The Secretary of Defense issued a mandate that each service will designate Centers of Industrial and Technical Excellence (CITE). The centers will reflect the core competencies of the facility. CITE is important because when new systems are developed, an organic source of repair (SOR) has to be designated; the SOR is based on a CITE; TYAD is the SOR for any equipment classified within their CITE, and under the mandate, TYAD is authorized to perform work as a subcontractor to private corporations.

The partnerships can take many forms, including the depot providing articles or services to industry, industry leasing depot equipment or facilities, work sharing, and teaming arrangements between a depot and industry contracting jointly with a program manager.

Mr. Lamanna discussed some of the common partnering statutes (e.g., 10 USC 2474 and 10 USC 2208), in addition to the newest one – 10 USC 4544. It combines elements of prior statute, permits partnering, cooperative arrangements, sale of articles and services, and use of facilities; permits tailored pricing, firm-fixed pricing, and multiple year contracts and incorporates indemnification provisions of 10 USC 2563.

TYAD has partnering programs with many large military prime contractors in addition to its organic partnerships, such as the MOA with Fort Rucker for rapid repair and return of depot level avionics to maintain an aggressive flight training schedule.

Tobyhanna Army Depot has a mission of sustaining and integrating command, control, communications, computers, intelligence, surveillance & reconnaissance systems for the joint war fighter. Its attributes include an electronics industrial facility, full-service engineering capability, in-house technical training center, a highly-skilled workforce and more than 50 years experience in communications electronics. Some unique capabilities include laser repair and

calibration, test, measurement & diagnostic equipment, a threat test range, and anechoic chambers.

Mr. Lamanna described many of the programs and projects being supported by Tobyhanna, new equipment training taking place there, their continuous improvement initiatives and discussed how they are contributing to preserving DOD's industrial base.

Teri Lesicko, Program Manager, SAGE Systems Technologies, LLC.

The Manufacturing Technical Assistance Production Program (MTAPP) is congressionally funded and available for all DoD and Navy agencies. It provides technical assistance and expertise to small businesses to allow process improvements, competition and advanced technology capabilities. Their mission is to develop a national network of technically competent small manufacturing businesses that have the infrastructure, processes and program management skills necessary to integrate into the supply chains that provide goods and services for peacetime and mission critical operations.

As of the MARC meeting, there were approximately 25 firms selected under this program. There are no out of pocket expenses for the small manufacturer or for the large prime contactor participants. Benefits include 24 months of training for the small manufacturer, a reliable network of qualified small suppliers for large prime contractors and DOD, and reduced costs and risks when doing business with these suppliers.

The MTAPP program participant portfolio provides more information about its small businesses for the DoD and prime contractors than is available in the CCR. The directory is a comprehensive listing of all companies, with both 'at-a-glance' information and a direct link to detailed information. Prime contractors and government agency personnel can register to use the directory by going to the website noted below.

If interested, the small businesses must apply at the same website. They undergo an eligibility review, acceptance to the program, assessment process, receive a collaborative approach to a continuous improvement plan, technical assistance and training, and sustainment assistance. The small business benefits through assistance in implementing Lean Manufacturing Techniques, introduction to Six Sigma concepts, recommendations on IT systems, reviews of their accounting systems, and access to web-based tools.

A small business candidate should be manufacturing-based, have sales over $1 million, at least 15 core employees, a quality program in place, experience with federal contracting, two years of business history, and electronic communication capability. Additional information is available at www.mtapp-tng.org.

Pat Huber, Small Business Specialist, Army Contracting Agency, Northern Region, Aberdeen Proving Ground, MD.

Ms. Huber provided a small business update and hosted the roundtable discussion. Some of the updates provided include the following:

Acquisition Threshold Updates:
Micropurchase threshold was raised from $2500 to $3000, FAR 2.101; Cost or Pricing Data submittal threshold was raised from $550,000 to $650,000, FAR 15.403; Subcontracting Plans threshold (other than construction) was raised from $500,000 to $550,000, FAR 19.7; Competitive 8(a) threshold was raised from $5 million (manufacturing) or $3 million (services) to $5.5 million and $3.5 million, respectively, FAR 19.805-1; SDVOSB threshold for sole source awards was raised from $5 million to $5.5 million (manufacturing) but the threshold remained at $3 million for services, FAR 19.1406; Bundling thresholds for coordinating with the small business specialist were raised from $7 million to $7.5 million for DOD contracts, $5 million to $5.5 million for NASA, GSA, and Energy, FAR 7.104; Bundling thresholds for 'measurably substantial benefits' were raised from $75 million to $86 million for the 10 percent savings, and from $7.5 to $8.6 million for the 5 percent savings. Note that the simplified acquisition threshold remains at $100,000, and the synopsis threshold remains at $25,000. Complete information on this Final Rule, can be found in the Federal Register, September 28, 2006, Volume 71, Number 188, 06-8206.

eSRS Update: The DoD is expected to begin using eSRS in April 2007. Currently, DoD is working with SBA to resolve issues like data migration to FPDS-NG and how to handle reporting for the comprehensive subcontracting plans. In addition, eSRS cannot accept reports on task and delivery orders. The FAR case, when published, may include regulatory guidance on this issue. FPDS-NG does not allow a value to be entered in the subcontracting field of an order.

Recent size decisions: The Office of Hearings and Appeals pointed out that the NAICS included on a RFP determined who was small for that procurement action, no matter what was listed in CCR. A company claimed that they are small on CCR so they had to be small on an RFP, despite being other than small when the assigned NAICS was applied. The company claimed that the RFP included an incorrect NAICS. OHA stated that if the NAICS assigned to the procurement action is not protested within 10 days of issue, then it will stand for that buy.

Recent GAO decisions:
The GAO agreed with the protestor that the Army improperly failed to refer its determination of nonresponsibility to the SBA for a certificate of competency review. The protestor argued that it had proposed an acceptable means to furnish necessary parts and that any dispute with the agency over that ability is a matter of responsibility. GAO agreed, and recommended that the matter be referred to the SBA for COC review. If the SBA issues a COC and the company is otherwise in line for award, GAO recommended that the agency terminate the award to another small business and make the award to the protestor.

GAO denied a protest when the Navy properly proceeded with an award to another small business after the protestor was found in December 2005 by SBA to be 'other than small', even though the SBA decision was ultimately overturned in July 2006 after a second appeal. GAO stated that since the agency waited for SBA's decision more than the mandatory 10 days before

making award to another small business, the ultimate reversal of the size decision did not apply to the protested acquisition.

Thuy Lindsey, Program Manager, Online Representations and Certifications Application, DoD Business Transformation Agency.

ORCA, Online Representations and Certifications Application, is a web-based system that centralizes the collection and distribution of vendor representations and certification of small business information required for contract award.

Part of the Integrated Acquisition Environment (IAE), ORCA was signed into law by President Bush through the eGovernment Act of 2002. A FAR Case was implemented in January 2005 as clause 52.204-8. Offerors are required to provide representations and certifications electronically via the ORCA website – https://orca.bpn.gov – in conjunction with registration in CCR. At least once a year, the ORCA profile must be updated. Contracting officials will be replacing most of the current solicitation provisions and clauses requiring reps and certs with the single clause that directs vendors to ORCA. Other provisions not covered by ORCA will appear in section K of solicitations.

CCR provides the initial identifying information about the company, making CCR registration the necessary first step. DUNS numbers are used as unique identifiers.

ORCA web services went live in June 2006. It uses XML Outbound as a web service interface to allow users to obtain data via XML. Access to OCRAXML will be limited to qualified government sponsored systems. Users should go to the ORCA help section and click on the ORCAXML tab for more information or for access. A user guide is also located there.

The DFARS implementation is expected to occur in December 2006. To locate the FAQs, handbook, and quick reference guide begin at the ORCA homepage, https://orca.bpn.gov. The helpdesk can be reached via the feedback link at the homepage.

The meeting adjourned at 10:00 a.m. to allow members to participate in GSA's Service Disabled Veteran Owned Small Business Procurement Fair.

Respectfully submitted,
Carol S. Decker, MARC Secretary